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DE RUEHKO #4416/01 2640803
ZNR UUUUU ZZH
P 210803Z SEP 07
FM AMEMBASSY TOKYO
TO RUEHC/SECSTATE WASHDC PRIORITY 7817
INFO RUEKJCS/SECDEF WASHDC PRIORITY
RHEHAAA/THE WHITE HOUSE WASHINGTON DC PRIORITY
RUEAWJA/USDOJ WASHDC PRIORITY
RULSDMK/USDOT WASHDC PRIORITY
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UNCLAS SECTION 01 OF 10 TOKYO 004416

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DEPT FOR E, P, EB, EAP/J, EAP/P, EAP/PD, PA;
WHITE HOUSE/NSC/NEC; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION;
TREASURY/OASIA/IMI/JAPAN; DEPT PASS USTR/PUBLIC AFFAIRS OFFICE;
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FAS/ITP FOR SCHROETER; PACOM HONOLULU FOR PUBLIC DIPLOMACY ADVISOR;
CINCPAC FLT/PA/ COMNAVFORJAPAN/PA.

E.O. 12958: N/A

TAGS: [OIIP](#) [KMDR](#) [KPAO](#) [PGOV](#) [PINR](#) [ECON](#) [ELAB](#) [JA](#)

SUBJECT: DAILY SUMMARY OF JAPANESE PRESS 09/21/07

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ARTICLES:

- (1) Long halt to refueling operations inevitable; Russia abstains from voting for UN resolution; Japan's UN maneuvering backfires

ASAHI (Page 2) (Abridged slightly)

September 21, 2007

The UN Security Council's adoption of a resolution including an expression of appreciation for the Maritime Self-Defense Force's refueling operations would rock the Democratic Party of Japan's (Minshuto or DPJ) grounds to oppose a continuation of the refueling mission. So Japanese government intended with Resolution 1776, which was adopted by the UNSC on Sept. 19 (before dawn of Sept. 20, Japan time). Nevertheless, the DPJ's stance remains unchanged, and Russia's abstention from voting has exposed a lack of unity among the member countries. Although former Chief Cabinet Secretary Yasuo Fukuda and Liberal Democratic Party Secretary-General Aso Taro, who are vying for the LDP presidency to become the next prime minister, are eager to hold talks with the opposition parties, the Antiterrorism Special Measures Law is certain to expire on Nov. 1, forcing the government to suspend the refueling operations for a long time.

The MSDF has been refueling the vessels engaged in the maritime interdiction operation (MIO) in the Indian Ocean to prevent the influx of weaponry and other materials. The MIO is part of the US-led Operation Enduring Freedom (OEF) against terrorism. Attributing the DPJ's adamant opposition to an extension of the Indian Ocean mission to the lack of a UN resolution clearly authorizing OEF, the Foreign Ministry began making behind-the-scenes moves early.

A senior Foreign Ministry official said: "Starting in late August, we informally asked some permanent UNSC member countries (United States, Britain, and France) ways to adopt a new UN resolution referring to OEF." As a result, they came up with an idea of adding an expression of appreciation for the MIO to a resolution extending the International Security Assistance Force (ISAF) in Afghanistan.

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Specifically their idea was to include the words of appreciation for OEF in the preface to the resolution instead of its body.

Foreign Minister Nobutaka Machimura told the Kantei (Prime Minister's Official Residence) that a new UN resolution would be a powerful tool to persuade the DPJ. Machimura also sought the cooperation of Secretary of State Condoleezza Rice at a Japan-US ministerial held in Sydney on Sept. 7.

Given the fact that all UN resolutions on the ISAF had been adopted by a unanimous vote, a senior Foreign Ministry official was confident that China and Russia would support the new antiterrorism resolution.

Contrary to the Foreign Ministry's expectations, Russia abstained from voting. "I don't understand why the resolution has to refer to the MIO," Russian UN Ambassador Vitaly Churkin complained to his US counterpart before the vote. In response, the US ambassador explained that each member of the coalition of willing had their own circumstances. Hearing this, Churkin said: "I hear that a request has come from a certain country, which is not a UNSC member." Russia's indirect criticism of Japan silenced the US representative.

A UN source also criticized Japan's conspicuous manipulation behind the UN resolution.

In a press conference yesterday, DPJ Secretary General Yukio Hatoyama blasted the government and ruling parties: "It is deplorable that they used such a disgraceful approach in a bid to get our party's support for a continuation of the refueling mission." DPJ Deputy President Naoto Kan also declared: "The resolution will have no impact on our stance whatsoever."

In their joint press conference held at the Foreign Correspondents' Club of Japan on Sept. 19, both Fukuda and Aso stressed their plans to hold talks with the DPJ to continue the MSDF refueling operations.

The atmosphere in the government and ruling parties before Prime Minister Abe abruptly announced his resignation had been different, however.

Following Abe's statement in Sydney that he would stake his job on it, the government and the ruling bloc started paving the way for limiting the MSDF activities to refueling and water-supply services. The ruling coalition even considered extending the ongoing Diet session substantially beyond Nov. 10 and adopting new legislation by using its two-thirds majority in the Lower House.

Chances were that the new legislation would not clear the Diet before the Antiterrorism Law expires on Nov. 1 and Japan would have to halt the MSDF operations temporarily. The government and the ruling coalition also studied ways to let the MSDF vessels stand by at a port near the Indian Ocean to resume operations as soon as the new legislation was enacted. The night before Abe announced his resignation, government and ruling party executives, including Chief Cabinet Secretary Yosano and LDP Secretary General Aso, assembled at a Tokyo hotel to discuss Diet measures and other matters.

But Abe's resignation announcement derailed their plans. The Diet is now stalled due to the LDP presidential race. The planned Diet interpellations will be delayed about 20 days because the new prime

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minister will have to deliver his policy address. All this considered, Diet deliberations on new legislation would not take place until mid-October.

Fukuda's and Aso's repeated indications that they would avoid confrontation with the DPJ have also spread the observation in the government and ruling coalition that it is near impossible for the new legislation to obtain Diet approval in the remaining session and that the moment of truth will come in the next regular Diet session in January.

Even if the legislation were carried over to the regular session, the Diet would have to discuss the budget bill first. A path to resuming the MSDF operations is not in sight at this point when Lower House dissolution is looming over the ruling coalition.

An LDP Diet affairs officer lamented: "If this issue takes a toll on deliberations on the state budget, people will ask, 'Which is more important -- the Japanese economy or the Indian Ocean operations?' And that would make the next Lower House election even more difficult for us."

(2) Editorial -- UN resolution a makeshift measure

TOKYO SHIMBUN (Page 5) (Slightly abridged)
September 21, 2007

The United Nations adopted a resolution expressing appreciation for Japan's refueling operations in the Indian Ocean. Because this resolution came out abruptly as a result of Tokyo's pressure on the UN, we are worried that other countries that are in agony over the war on terror may regard the resolution as a makeshift measure.

The resolution adopted by the UN Security Council (UNSC) is intended to approve an extension of the missions of the International Security Assistance Force (ISAF), an organization formed to help the new government of Afghanistan, which was established after the collapse of the Taliban regime.

The main text of the resolution is brief and simply approves the extension, but the preamble to the resolution refers to the NATO's operations, as well as the need for Operation Enduring Freedom (OEF) led by US forces, and gives a sense of importance to the overall resolution.

The resolution expresses appreciation this way: "We express our appreciation for countries participating either in the ISAF or OEF, including NATO's leadership and the maritime interdiction component." No specific country is mentioned in the resolution, but the passage "maritime interdiction component" is taken to mean "expressing thanks to Japan for its contribution," US Ambassador to the UN Khalilzad said.

When it comes to the situation in Afghanistan, NATO's secretary general presented a situation report to the UN last month. The report recognized a certain level of achievements in dealing with armed insurgents in northern and central Afghanistan, but it noted that violent acts continued in the south of the country, and that the number of violent incidents doubled from the same period of last year. Tragic cases of abductions of an Italian journalist, and South Korean and German civilians are still fresh in our memories.

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Participating countries have their own circumstances in the face of deteriorating security in Afghanistan. Germany has sent some 3,500 troops mainly to northern Afghanistan and lost 30 lives or so. The tide of opinion in Germany is calling for a withdrawal. Britain, Canada, and the Netherlands, which have all deployed their troops in the dangerous southern region of Afghanistan, have begun grumbling about other countries being unwilling to send their troops there.

Japan has not taken part directly in the ISAF and instead it has continued the MSDF's refueling mission. In the latest Japan-US summit days before announcing his intention to step down, Prime Minister Shinzo Abe committed internationally to extend the Antiterrorism Special Measures Law, the legal basis for the refueling mission. But there is no prospect for the law to be extended because of the main opposition Democratic Party of Japan's (DPJ) opposition. Given this domestic situation, it can be easily imagined that Tokyo strongly lobbied Washington and tried to obtain an international seal of approval for an extension of the refueling mission.

Russian Ambassador to the UN Churkin abstained from voting on the resolution on the grounds that the maritime interdiction component was outside the UN operations. Churkin also blasted the resolution, criticizing it as prioritizing a certain country's domestic circumstances.

The DPJ is reacting sharply to the resolution, insisting on the need for Japan to obtain proper approval of an extension of the refueling mission from the UN. Even some in the ruling coalition cast doubt on the resolution for giving the impression that it was adopted merely for formality's sake. Domestic debate on the extension issue might have become even more complicated all the more for the resolution.

(3) Editorial: Ruling, opposition camps should compete on antiterrorism measures

MAINICHI (Page 5) (Full)
September 21, 2007

The United Nations Security Council (UNSC) adopted a resolution extending the operations of the International Security Assistance Force (ISAF) in and around Afghanistan. The resolution also expressed the UNSC's appreciation for Operation Enduring Freedom (OEF), including the maritime interdiction operation, in which Japan's Maritime Self-Defense Force has participated by refueling and supplying water to foreign vessels.

The main opposition Democratic Party of Japan (DPJ) has opposed an extension of the MSDF refueling operation in the Indian Ocean based on the Antiterrorism Special Measures Law. The DPJ insists that the MSDF mission is not based on a UNSC resolution. The government had lobbied the UNSC members to include a phrase expressing their appreciation for the refueling services in a bid to urge the DPJ to change its opposition to continuing the MSDF mission. Russia, however, abstained from voting, saying that the vote represented a decision to prioritize the domestic situation of certain countries.

The DPJ has no intention of altering its opposition to the refueling operation since the UN resolution was adopted for the extension of the ISAF operations. The reality is that it is extremely difficult for the UN to authorize with a single resolution the OEF operations, which were begun by the US-led coalition of the willing based on the

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US right of self-defense. The resolution probably meant that the United Nations did not directly authorize the refueling operation, but the international community hoped the operation would be continued.

DPJ President Ichiro Ozawa's basic position that the UN did not authorize it will be a major issue in the ongoing Diet session. Meanwhile, Japan needs a debate on what kind of decisions it should make when it is asked by the international community without any UN resolution.

Moreover, it is also important to know how the international community sees Japan's services. Although Japan made financial contributions worth 13 billion dollars for the Gulf War in 1991, it was not appreciated internationally. Therefore, there is a view that the refueling operation, which was appreciated, is a moderate assistance measure.

There are many points of contention on the MSDF operation. However, with no discussion conducted after the July House of Councillors election, the public does not have any means to determine whether they should agree or disagree.

We wonder in what area in the Indian Ocean the MSDF has carried out its mission, what kind of activities it has conducted, and whether its mission has helped antiterrorism operations.

Some have contended that fuel provided by the MSDF to a US aircraft carrier was used in the Iraq war. There may be US aircraft carriers engaging in both the Iraq and Afghan wars. Since the issue is related to the foundation of the refueling operation, the government should provide clear explanations to the public.

Ozawa's view is that since the ISAF operation was authorized by the UN, Japan can participate in it. However, many politicians are cautious about dispatching the Self-Defense Forces (SDF) to the ISAF, whose missions carry considerable risks. Ozawa should make clear his view on that point.

With Prime Minister Shinzo Abe's surprise announcement of his intention to resign, the Diet was forced to suspend the session. The outlook is that deliberations on the MSDF refueling services will be delayed to October or later. The government and ruling coalition have probably prepared for a suspension of the MSDF mission, which expires on Nov. 1.

The government should under the new prime minister work on new legislation on the refueling activities and sit down and deliberate the legislation. The ruling and opposition camps should compete on antiterrorism measures, including ones for stabilizing the Afghan people's livelihoods.

(4) US Army 1st Corps: Biggest HQ commanding 40,000 troops

ASAHI (Kanagawa edition) (Page 34) (Full)
September 19, 2007

Seattle is home to the Seattle Mariners, a major league baseball team for which Ichiro Suzuki is playing. In the suburbs of Seattle, the US Army locates its Fort Lewis base, where its 1st Corps is headquartered.

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In a forest of tall coniferous trees was the gate to Ft. Lewis. At the gate, we boarded an official vehicle of the 1st Corps' public affairs division. In about 10 minutes, a three-story brick building came into view. The door had a crest reading "America's Corps." In the entrance hall, we were greeted by the pictures of successive commanders.

The 1st Corps, also known as "I Corps," is one of the US Army's four mainstay commands. Its establishment dates back to 1918 during World War II. In World War II, I Corps fought the Imperial Japanese Army. After the war, I Corps stationed troops in Japan to occupy and

govern the country. In 1981, I Corps moved its headquarters to the current location that commands a view of Mt. Rainier, which is 4,392 meters high.

I Corps covers the Asia-Pacific region, or half of the globe. Its scope ranges as far as India in the west, Alaska in the east, and Australia and New Zealand in the south.

I Corps' headquarters reportedly commands about 20,000 active troops and about 20,000 reserves in the event of emergencies. The headquarters is currently staffed with about 500 personnel. About 300 of them are expected to be moved in time to Camp Zama in Kanagawa Prefecture for its command headquarters.

"I Corps is a historical corps with the largest number of decorations, and we are the largest of all battle commands in the United States," Lt. Col. McDorman, who is the public affairs officer at Ft. Lewis, said proudly.

On Sept. 11, 2001, terrorists attacked the United States at its nerve centers. The attacks shocked Americans. Since then, Ft. Lewis has been used as a base for the US Army to launch attack operations.

I Corps also has dispatched troops to Iraq or Afghanistan, which are outside its area. The US Army has sent out a total of approximately 64,000 soldiers—including those under the command of I Corps—from Ft. Lewis to combat areas. US Army troops are mobilized there on Stryker armored vehicles, and they are now beginning to return home. However, the US Army still stations about 11,000 troops mainly in Iraq, according to the base spokesman.

Soldiers are trained at Ft. Lewis before they are sent out. There are 67 firing or bombing ranges on base. In addition, there was a training site that reproduced an Iraqi street.

Among those facilities was the Battle Command Training Center (BCTC) for computer-aided operational simulations.

Training programs there were mostly for possible battles in Iraq or Afghanistan. "This is the Army's largest training facility for both commanding officers and noncommissioned officers," Mike Peppers, director of the BCTC, explained.

The BCTC is made up of seven facilities. One of them is a facility that has an operations command training system for large contingents. The US government built this facility two years ago with an investment of 2.7 billion yen. The computer-aided system can simulate operations using data, such as Iraq's geographical features. Its data is always updated with information brought by US soldiers with them. There was also a system looking like an auto

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race simulator that can be seen at game arcades.

There was another facility called the Mission Support Training Facility (MSTF), which looks like a gymnasium. Inside there were tents with a number of computers set up. A group of officers was training there for operational command on the screen.

"Today, the US Army's command and control are all digitalized," a training chief said.

Along with the US military's global transformation, the US Army plans to build a new facility with the US budget on the premises of Sagami Depot in the city of Sagami-hara, Kanagawa Prefecture. The newly planned facility is believed to have functions similar to the BCTC's.

"We're going to conduct joint drills with Japan at the facility to be built in Japan," Peppers said. "I don't think we can do all the training programs we're doing here," he went on. "But," he added, "the facility will be at the highest level like the one we have here."

I Corps is currently headquartered on the US mainland to command

forward-deployed troops. In the process of realigning the US military presence in Japan, I Corps will move its' command functionality to Camp Zama, a US military base in the city of Zama, Kanagawa Prefecture. The city is opposed to the planned relocation of I Corps' command to Zama, claiming that it will lead to the US military's permanent use of the base. However, the US military is preparing to move the command to Zama. We visited Ft. Lewis on the outskirts of Seattle to see I Corps as it really is.

(5) Interview with US Deputy Secretary of State Negroponte:
Expresses concern that Japan-US alliance will be undermined;
Delisting of DPRK from state sponsors of terrorism "is unrelated to abduction issue in narrow sense"

NIKKEI (Page 3) (Full)
September 21, 2007

Tsuyoshi Sunohara

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In an interview with Nikkei, US Deputy Secretary of State John Negroponte in response to the question of whether Japan should continue its Maritime Self-Defense Force's refueling mission in the Indian Ocean indicated that continuing that mission is indispensable in order to "firmly uphold the Japan-US alliance, which is the cornerstone for America's East Asia policy." This remark may be intended to forestall the main opposition Democratic Party of Japan's (DPJ) President Ichiro Ozawa, who has declared his opposition to continuing the refueling operation. Behind the remark is concern that if the refueling issue drags on, it could affect the Japan-US alliance.

"(Besides the United States), many other countries have participated. It is safe to say that it is a multinational force operation," Negroponte said. Speaking of the MSDF's refueling mission in the Indian Ocean, he reiterated, "There is a very good reason (for continuing the mission)," and expressed hope that a new government of Japan would make a decision on the matter as swiftly as possible. Negroponte stressed that the mission was based on an "international consensus."

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In reaction to Ozawa's opposition to continuing the refueling mission, many in the US government have taken the view that the refueling issue "must not be turned into a political football," as Ambassador to Japan Schieffer put it. Prime Minister Shinzo Abe's announcement of his intention to resign has caused a political vacuum in Japan, and as if to take advantage of that, the ruling and opposition parties are engaged in a political tug of war over the refueling issue. A growing concern in the US government at present is that Ozawa's insistence on halting the refueling mission "could lead to a worsening of Japanese sentiment toward the US."

Gaps are widening between Japan and the US over how to deal with the North Korean issues, particularly that of Japanese nationals abducted to North Korea. Negroponte proclaimed: "Japan and the US share the common cause of denuclearizing the Korean Peninsula. We have pursued policy cooperation."

When asked whether the US would remove North Korea from the list of state sponsors of terrorism, Negroponte replied, "There is no deadline to do so," but he indicated that the US in deciding whether to delist that country, would take into consideration whether there was progress on dismantling the nuclear facilities, but not link the settlement of the abduction issue. He explained, "We don't think that (delisting and progress on the abduction issue) are related to each other in the narrow sense." Behind the question of delisting seems to be the Bush administration's intention to produce "results" in some way or other regarding the North Korean problem,

Recently, however, the North has faced the allegation that it might have offered nuclear technology assistance to Syria. In this regard a former high-level State Department official commented: "If such were true, it would devastate the six-party talks process, as well

as the conciliatory line of the US and the DPRK."

Chances are strong that this assistance is "not the one for the transfer of nuclear bombs or nuclear materials but it is limited to the offering of information about relevant technology," as a source familiar with US-North Korea relations put it. Referring to this allegation, Negroponte went no further than to say, "I refrain from making any comment on relations between Syria and North Korea," and indicated his intention to minimize an adverse effect of the nuclear assistance issue on the six-party talks. The US government's conciliatory policy toward North Korea seems to be coming to a crossroads.

(6) Direct foreign investment in Japan hit record in January-July period, but uncertainty looming over future

NIKKEI (Page 5) (Full)
September 21, 2007

Foreign direct investment (FDI) in Japan, including foreign capital's investment in or acquisitions of Japanese firms, has skyrocketed recently. According to data released by the Finance Ministry, FDI in the January-July period of this year surged to a record high of 2.324 trillion yen, owing to an increase in the number of Japanese firms that sold affiliated companies to foreign firms as part of restructuring efforts, as well as the number of foreign firms that purchased equity stakes in Japanese firms. But the effect of the subprime loan problem in the US may dampen investment in the future. In addition, the ratio of FDI to gross

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domestic product (GDP) remains low. Keeping these factors in mind, many observers reiterate the need for more measures to promote investment as part of efforts to revitalize the economy.

Capital inflows in the January-July period reached 4.648 trillion yen, while capital outflows totaled 2.288 trillion yen. The net figure of excess inflow over outflow was the largest ever for a January-July period since the Finance Ministry introduced its current calculation method in 1996, easily surpassing the annual net inflow record of 1.4513 trillion yen set in 1999.

Last year, the value of outflow was 756.6 billion yen larger than the value of inflow, but this trend lasted only briefly.

The increase in FDI reflects active moves among American and European companies to expand their global shares by acquiring Japanese firms. In a bid to boost their global competitiveness, more Japanese companies have entered into strategic business or capital tie-ups with foreign firms. This is another reason for the FDI increase.

According to M&A intermediary Recof Corp., US giant Citigroup Inc.'s acquisition of Nikko Cordial Corp. (for 920 billion yen) was the biggest investment deal in the first half of the year, followed by General Electric Co.'s buyout of Sanyo Electric Credit Co. Many deals involve financially troubled companies.

Direct foreign investment in August was also brisk. According to Recof Corp., the number of deals total 25, worth 105.2 billion yen, exceeding the value set in July. This record was due to the purchase of Yayoi Co., under the wings of Livedoor Co., by MBR Partners, an independent investment fund operating mainly in South Korea.

The government has set the goal of doubling the ratio of the FDI balance to GDP in 2010 to 5 PERCENT over the 2.5 PERCENT marked at the end of 2006. Japan's FDI balance is lower than those of major Western countries. According to the United Nations Conference on Trade and Development (UNCTAD), the FDI balance in 2006 was 37 PERCENT in Britain, 18 PERCENT in Germany, 13 PERCENT in the US, but only 2 PERCENT in Japan.

It is unknown whether the current trend of expansion will continue into the future. In the aftermath of the turmoil in the monetary market set off by the subprime problem, global financial institutions are becoming cautious about money lending for M&A

plans.

A spokesman of Thomson Financial, an American financial information company, said that the number of M&A cases across the world in August decreased by 22 PERCENT below the previous month to 2,709. Economist Makoto Tanimura of the Japan External Trade Organization (JETRO) said: "This global trend might have some effect on investments in Japan." Many persons are now calling for more efforts to arrange the environment to encourage investment, such as deregulation.

(7) Banks in Saitama, Chiba used for money laundering; Westerners' trust in Japan might have been abused

ASAHI (Page 39) (Full)
September 20, 2007

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Why was Japan used as the stage for money laundering? A senior officer of the National Police Agency replied to this question: "Americans and Europeans tend to have no suspicion if Japan is designated as the payee. In addition, there might have been cooperators who opened bank accounts." In the US, when one transfers money abroad, a stringent background check is conducted on the sender. In this case, however, there was no investigation, because the senders were the victims of real estate swindles.

As measures to eradicate the financial resources of terrorists and to prevent money laundering, the Japanese government introduced a stricter ID system for new depositors in 2003. Set off by the exposure of cases in which different persons' accounts were misused in bank-transfer scams, the government also prohibited the resale of bank accounts in late 2004. Despite these efforts, 1,558 cases of bank accounts illegally opened were unearthed in 2006. A flood of information about transactions in bank accounts is available on the Internet. As it stands, it is still easy to get different person's accounts.

Under such a situation, wrongdoing never ceases. The number of allegedly crime-connected deals reported by financial institutes to the Financial Services Agency increased from 18,000 in 2002 to 113,000 in 2006. The number of money-laundering cases prosecuted under the Organized Crime Law in 2006 totaled 134.

Some point out the insufficiency of countermeasures in Japan, compared with the US. In April, the government enacted the law to prevent transferring money earned through crimes and set up a Japanese-version FIU (financial intelligence unit) in the National Police Agency.

SCHIEFFER